A Study of Customer Relationship Management with Reference to Hospitality Industry in Raigad District

Synopsis Submitted To

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1. Introduction-

- **Introduction of Study-**

Traditionally, strategies for growth in revenue, branding, positioning and profitability have all been developed with the primary objective increasing market share through a focus on customer acquisition rather than the consolidation of existing customer relationships. There has also been a belief among most organisations that since their organisation are not in direct contact with eventual consumer, the customer relationship is not directly relevant to increasing market share, the equity and positioning of the brand will lead to greater market share. But now this approach has been changed, there is a realisation today that customer retention is more profitable than customer acquisition.

For customer retention, Relationship is the fundamental need. It is a characteristic of any living set of entities.CRM has its roots in the "relationship marketing" concepts that emerged in the 1980's.It require organisations to lay more emphasis on retaining existing customers rather than on creating new one. Organisations are not different and therefore to see the relationship as the binding force which lend growth, vibrancy, energy and joy to both, those who supply a product or service, and those who receive it. CRM is a business strategy to acquire and retain the most valuable customer relationship. It requires a customer centric business philosophy and culture to support effective marketing, sales and servicing processes.

In today's complex world, every organisation works in a network of such relationships. From an organisational perspective, relationships provide perpetual stream of revenues and profits, often increasing over period of time, resulting in positive referrals, new business opportunities and quite often, a challenge to remain focussed and efficient.

Interaction with customers induces a more personal feeling and touch to the customers relationship programme. Dialogue is the process of interacting directly with prospects and customers. To foster dialogue, ways and means will have to be provided for this individual to react directly to whatever communication is sent to them. Dialogue continually refreshes the database of marketing information, which is being built, enabling an alert watch on what customers want.

All customers are valuable. In the market there is only one boss, the customer. And he can fire everybody in the company, from the chairman on down, simply by spending his money somewhere else. (Sam Walton-Founder Wall Mart Stores) Therefore consumers will remain loyal to a firm when they receive greater value relative to what they expect from competing firms. Value represents a trade off for the consumers between the "give" and the "get" components. Consumers are more likely to stay in relationship when they gets exceed the gives. When firms can

consistently deliver value from the customer's point of view, clearly the customer benefits and has an incentive to stay in the relationship.
Worldwide service organisations have been pioneer in developing customer retention strategies. Bank have relationship managers for select customers, airlines have frequent flyer programs to reward loyal customers, credit cards offer redeemable bonus points for increased card usage, telecom service operators provide customized services to their heavy users, and hotels have personalized services for their regular guests.

- **Introduction of Konkan-**

Konkan or the Konkan Coast or Konkan as specifically called in the state of Maharashtra, is a rugged section of the western coastline of India. It is a 720 km long coastline. It is roughly the land between the Western Ghats and the Arabian Sea, and between the Tapti River in the north and the Chandragiri river in the south. The two districts in the state capital Mumbai also fall in Konkan. It includes the following districts of modern India: Palghar, Thane, Mumbai (Mumbai city, Mumbai suburban), Raigad, Ratnagiri, Sindhudurg, North Goa, South Goa and Uttara Kannada.Location of Raigad District is in Konkan Region of Maharashtra State, having Sahyadri Ranges in eastern side & Arabian Sea at Western side. The District was a Princely State till the year 1947 under the British Empire. After Independence, it became the District of Maharashtra State. The District Headquarter of this District is Alibaug. The Total population of this district is 26.34 Lakhs (As per 2011 Census). Kolis & Adivasis from Sahyadri Ranges are the important population along with other communities. Out of the total population, 36.83% population is urban population and Alibaug, Mahad, Panvel, Roha and part of Navi Mumbai are the urban areas of the District. The District is mainly composed of Sahyadri Hills at one side and Arabian Sea at the other side. The topography is mainly hilly regions of the Sahyadri Ranges and sandy beaches near the Arabian Sea. The Sahyadri stretches like a huge wall from North to South of the District having valleys & peaks. Many rivers originate from these ranges. The villages & towns are located in between Sahyadri Hills & Arabian Sea. The following Rivers are the important Rivers of the region: Amba River, Kundalika River, Bamangar River, Savitri River. Traces of Iron Ore is found in the laterite rocks in the District. Jambha Stones are also available for construction work. Moreover, plenty of sand is available in the rivers & beaches of the District. This District is fairly rich in Forest Areas. The Sahyadri Hills and Valleys are full of rainforest. The area of the forest is around 149000 hectares. Teakwood, Bamboo & Medicinal Plants is the main produces of the forest.

2. Statement of the Problem -

"Do the Customer Relationship Management with reference to hospitality industry is flourishing in the Raigad District with the help of Travel and Tourism, Banking and Telecom sector?"

After having a review of the market it was brought to the notice of the researcher that there is an increasing trend of customers in the Raigad District. Customer is the king of market. “In human body heart is very important but without blood no use like that in the market, product is very important but without customer no use”. The consumer has occupied the central position in market driven economy. A large number of activities are directed towards attracting the customers. All industries are paying special attention towards customer relationship and have changed their mode of operation of dealing with their customers. In a market driven economy, the consumer has occupied the central position. Customer Relationship Management is the crucial differentiator in today’s retailing scenario. It is therefore in the best interests of the organisation to focus on a lifetime customer with a view to retain and increase their customer over a period of time. Understanding these problems the researcher has decided to make in depth study of the subject. Hence the study entitled “A study of Customer Relationship Management with reference to hospitality industry in Raigad District”

3. Review of Literature-

i. G.V.Rao (2004) in his article titled “What your Customers Really Want” has highlighted that that Insurers can no longer sit back and relax after clinching a deal. Today, they are under pressure to deliver customer satisfaction. The article, addresses various issues such as redressal of customer grievances, and gaining customer loyalty. Insurers need to enhance their service standards. They have to focus on understanding the customer well and should appropriately respond to the real as also imaginary grievances of the customers. They need to earn customer's trust and be keen on providing after-sales service. The author has suggested that implementation of a CRM programme can promote stronger relationship with the customer and lead to 'customer delight'.

ii. Narender Kumar, Anjana and Kavita (2006) in their research article titled “e- CRM in Banks” have brought to light how e-CRM in banks has enabled banks to get a global presence by becoming customer-focused organizations. By using various electronic channels banks understand customer needs and wants and provide them various services. All this makes the customers loyal and happy. The use of electronic channels also benefits bank. Thus, e-CRM pays off through Increased Sales, Increased Revenues, Increased Convenience, Improved Customer Service Rating, Decreased Administrative Costs, Ability to introduce new Schemes at a faster rate, Facility to the customer in this mobile business life, Improved Speed of Dissemination of Information and Reduced Subjectivity in Operations. The study also reveals a drawback which is common to all the e-CRM dependent; businesses. That is there is no personal interaction between the customer and the supplier. Business have become, impersonalized with very powerful means of communication like body language and judgment skills becoming non-existent, Banks are not able to gauge their customers at all since the complete process has become over the computer screen.

iii. Diana Luck and Geoff Lancaster (2003) in their research article titled "E-CRM: Customer Relationship Marketing in the Hotel Industry" have explored the degree to which hotel groups have exploited the medium of electronic customer relationship marketing (E-CRM). They have investigated whether hotels make use of the Internet and verified whether customer relationship marketing was being implemented within

online operations or it was being used to provide information and hotel reservations. The findings showed that Internet was not being used to gather information. Majority of the hotel groups had only embraced a few elements of E-CRM and even indicated that they had no intention of being led online by the concept. Although the findings indicated that hotel groups were generally aware of the potential of Web technologies and strategies, they also showed that companies were not putting this knowledge into practice when it came to implementing E-CRM.

iv. Madhavi Garikaparthi (2006) "CRM in Hospitality Industry", is a case that focuses on many Indian and Global players in the hospitality industry. It emphasizes the changing scenario and the cutthroat competition and various aspects of implementation of CRM in hospitality industry. The case also discusses several issues in CRM implementation, advantages and hindrances prevailing in this sector. Various players like Hilton Hotels, Carlson Hotels, Taj Group of Hotels and Meridian Hotels and their CRM execution have been discussed.

v. Inger Roos, Margareta Friman, Bo Edvardsson, (2009) in their research article titled "Emotions and stability in telecom-customer relationships" have investigated whether or not emotions experienced in customer relationships – linked to actual behavior – could enhance understanding of their future development. A number of individual-level relationships between customers and telecom operators are investigated. The empirical data consist of 113 switching stories reported during 81 interviews with telecom customers. The most important research contribution made by this study is the identification of different emotions related to actual behavior. Less stable customers are pessimistic about the operators and show nervousness, while stable customers may have initially been depressed in their relationships, becoming more relaxed and optimistic over time. According to the findings of this study, it seems almost impossible to understand customer relationships without following customers on an individual level in both previous and current relationships.

vi. Ravindra B.Gawali and Nitin S.Bhand,(2013)in their research article titled "Buyer-Seller Relationship : An analysis of customer service experience with Barber Shop" have observed that satisfied customer use to avail the repetitive services from the same seller or service provider. But other way around, there are also some customers, despite satisfaction from the exiting service providers, they defect. Its fact that 100% customer retention is not possible practically though seller try to retain the customers. This has an implication on the service provider's income, profitability and growth. It highlights the issues and strategies which construct or destruct the buyer-seller relationship with especially reference to the Barber's services. The author concluded that listening and understanding the customers well and then refining and designing the key process which has substantial impact on the customer satisfaction. Accordingly, customized services can be offered by developing, building and nourishing the relationship between buyer and seller.

4. Scope and Limitations of the Study-

i. Scope of the study-

a. The present study is confined to hospitality industries with co-relation to the allied industries namely travel and tourism, banking and telecom.

b. The research measures the experiences of the customers.
c. Defines and analyses the experiences based on key deliverables.
d. Gains insights into customers' expectations.
e. The scope of the study will depend upon the availability of the data. The said survey will be done for last 5 years, if data is available, if not, the said survey will be conducted from the available data onwards.

ii. Limitations of the study-

a. This study is limited to five places in Raigad district namely Raigad, Murud-Janjira (Fort), Murud, Shrivardhan and Alibag (Beech), Sudhagad Pali, Harihareshwar (Religious Places), Raigad (Trekking)etc.
b. The research is limited only to the Raigad District so the result may or may not be generalised to the whole market.

5. Significance of the Study-

The tourism and hospitality industries are flourishing day by day in India as well as in Maharashtra. The number of tourist's current figures are available in Maharashtra near about 15,49,72,339. As compared to Maharashtra's figure, only 4.40% approximately i.e. 68,21,260 tourists visited to Raigad Distict. In view of this the current topic "A study of CRM with reference to hospitality industries in Raigad District."This study will be a significant endeavour in promoting good environment in the field of relationship management. The study will be beneficial to customers and service organisations also. Customer Relationship Management (CRM) has become a globally recognized business practice and yet it is still loosely defined and rarely well defined. CRM means many different things to different people. It is possible to develop a greater understanding of it by looking at its origin and principles that drove its development. It was in 1990's that relationship marketing emerged when true value of retention and the use of lifetime value as a business case were recognized.CRM is defined as a continuous process of identifying, attracting and retaining profitable customers.

6. Objectives of the study-

The specific objectives of the study are:

1. To study size and growth of Tourism industry in Raigad District.

2. To identify the factors affecting Customer Relationship Management in Raigad District.

3. To identify problems faced by customers and service providers with respect to Travel and Tourism, Banking and Telecom sector.

4. To study problems faced by service provider while going for customer delight.

5. To suggest the Hospitality industry in meeting changing requirements of current customer needs.

7. Hypotheses of the Study-

Underlying factors considered for development of hypothesis are Festivals of Konkan, Food of Konkan, Allied services, and Hospitality industries:

1. Festivals in the Konkan region really affect number of tourist.

2. Allied service provided by Travel and Tourism, Banking and Telecom sector really affect the hospitality industry in Raigad district.

3. Awareness of latest hospitality services available in the market to the service provider.

4. Speciality of Konkan food helps in developing the number of tourist.

5. Hospitality industries in Raigad have capacity to meet the demand of growing customer needs.

8. Research design-

In order to fulfil the above objectives the relevant information will be collected through the following methods:

8.1 Primary data:

Primary data will be collected through in depth unstructured interviews as well as through the structured questionnaire. The data relating to the individuals will be collected through the discussion with the relevant selected service provider through the stratified convenient random sampling. These respondents will be from religious background, trekkers, tourist as well as the persons from various sectors. Also different income level will also be considered for the project. Also different factors will be considered while interviewing as to the preferential pattern of the individual's likes and dislikes regarding Festivals of Konkan, Food of Konkan, Allied services, and Hospitality services etc.
Since the researcher is going to look for various respondents in Raigad district. So the researcher will choose respondents from the five places in Raigad district namely Raigad, Murud-Janjira (Fort), Murud, Shrivardhan and Alibag (Beach), Harihareshwar (Religious Place), Raigad (Trekking) etc.
Special telephonic round would be conducted of 50 respondents who had earlier visited Raigad District.

Researcher will interview, based on the structured questionnaires with the
a. Service Providers
b. Customers (Tourist)

Researcher will also make personal discussion with the respondents.

8.2 Secondary data:

The relevant secondary data will be collected from the various records with services marketing department of various companies, periodicals, journals and reports, internet, books and various research projects from library.

The study is designed as an empirical one based on the survey method. Both primary and secondary data are used for smooth conduct of the study.

8.3 Sample Design:

For any research study, a scientific sampling method should be adopted. Only when the sample is representative of the population, valid inferences can be drawn from the sample. By considering the spread for the study it is proposed to use the population in selected places of Raigad district as the base for selecting the sample size. In the present study, the geographical scope of the population is included from Raigad district only.

- **Convenience Sampling - 400** sampling unit is proposed from the Raigad district. Within the places the method of convenient random sampling is proposed to select the units from the recently visiting the places will also be considered. Further care will be taken to include all possible visitors, income levels (excluding foreign visitors) etc. In order to assess the potential development opportunities, data will be sourced by these sampling units such as:

  - **Service Providers - 150 (129 + *21)**
  - **Customers - 400**

Sr. No.	Locations	Tourist	Service Provider
1.	Raigad/Mahad	100	9
2.	Murud	100	25
3.	Shrivardhan	50	15
4.	Alibag	100	70
5.	Harihareshwar	50	10
Total Sample Size		**400**	**129**

*These 21 service providers will be interviewed who are unregistered or provide the service from their homes.

- **Justification of Sample**:

n = Size of Sample

N: Size of Population

e: Acceptable Error @ 5 % i.e. 0.05

$$n = \frac{N}{1+ N (e^2)}$$

1. For Service Provider: Total Hotels in Raigad is 101*

*http://www.tourismguideindia.com

*http://www.tourism.gov.in

$$n = \frac{N}{1+ N (e^2)}$$

$$n = \frac{189}{1+ 189(0.05)^2} = 129$$

= **129 Sample Size**

2. For Tourist in Raigad District: The total tourist of Raigad District is 68,24,731

*http://www.tourismguideindia.com

*http://www.tourism.gov.in

$$n = \frac{N}{1+ N (e^2)}$$

$$n = \frac{68, 21,260}{1+ 68, 21,260(0.05)^2}$$

= 399.98

= **400 Sample Size**

- **<u>Scheme of Presentation-</u>**

The study report is presented in six chapters. The detailed chapter plan given below:

Chapter I: Introduction & Research Methodology

In this chapter introduction about the subject, objectives of the study, data collection method, scope and limitation of study will be discussed.

Chapter II: Theoretical Framework

In this chapter theoretical aspects related to Customer Relationship Management will be considered.

Chapter III: Current Scenario of the Market

In addition to the above, current market scenario and current options available in the market related to hospitality industries will be discussed.

Chapter IV: Data analysis & Interpretation

The data collected will be analyzed and presented in this chapter.

Chapter V: Findings and suggestions

Conclusion, findings will be drawn and suggestions will be highlighted in this chapter.

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Research Student Research Guide

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